GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA

UNSTARRED QUESTION NO:6500
ANSWERED ON:08.05.2000
IRIDIUM VENTURE
NITISH SENGUPTA

Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether the Iridium Venture has been closed;

(b) if so, the details thereof and the reasons therefor;

(c) whether the VSNL has made every possible effort to get this venture operational;

(d) if so, the details thereof; and

(e) the extent to which this collapse is likely to effect the future growth of the telecom industry in the country ?

Answer

MINISTER OF STATE FOR COMMUNICATIONS

(SHRI TAPAN SIKDAR)

(a) Yes, Sir.

(b) Iridium services were terminated as of 11:59 p.m EST (American East Coast Standard Tuime) on 17th March, 2000. However, ITL informed that Motorola, the key promoter and shareholder of Iridium, decided to continue the operations and maintenance of Iridium satellite constellation for limited period of time to allow subscribers in remote locations to obtain any alternative communications. Accordingly, Motorola advised gateways, (in case of India, IITL) to independently decide on closure of their gateway operations and maintenance at their own discretion. IITL informed that the Board of Directors of IITL decided in their meeting held on 23rd March, 2000 to close Iridium services in India in a phased manner ending on 31st March, 2000 at 2400 hrs.

It is believed that Iridium LLC failed to achieve projected/ expected subscriber growth, and because of poor marketing, high tariffs and some technical problems with their handsets.

(c) VSNL has no equity stake in Iridium and therefore, VSNL can play no role in making the venture operational.

(d) In view of (c) above, question does not arise.

(e) The commercial services in India were commenced by IITL only by the end of Feb., 1999 when the handsets became available. Due to high tariff, the service was not popular throughout the world and India was no exception. It is understood that the Iridium services, did not achieve substantial subscriber base in India and to that extent the consumers at large in India would not be at a disadvantage due to stoppage of Iridium Services